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FM AMEMBASSY ABUJA  
TO RUEHC/SECSTATE WASHDC PRIORITY 5140  
INFO RUEHOS/AMCONSUL LAGOS PRIORITY 0720  
RUEHZK/ECOWAS COLLECTIVE  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEHRC/DEPT OF AGRICULTURE WASHDC

UNCLAS SECTION 01 OF 02 ABUJA 000169

SENSITIVE  
SIPDIS

DEPT PASS TO USTR- AGAMA, USTDA - FITTS/MARIN AND  
EXIM - JRICHTER  
DEPT OF ENERGY FOR CAROLYN HAYLOCK AND GEORGE PERSON  
DEPT PASS TO USAID AFR/SD FOR MICHAEL CURTIS AND ATWOOD  
USDA/FAS/OTP FOR MCKENZIE

E.O. 12598: N/A

TAGS: [ENRG](#) [EPET](#) [ECON](#) [PGOV](#) [EAID](#) [NI](#)

SUBJECT: NIGERIA: INDEPENDENT POWER PRODUCERS ASK FOR ASSISTANCE

REF: 08 ABUJA 1311

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY

¶1. (SBU) Summary: In a January 16, 2009 meeting with ten members of the Independent Power Producer Association of Nigeria (IPPAN) and EconOffs, IPPAN requested assistance from the USG to spur the Nigerian government (GON) to finalize steps for electricity sector privatization, which would assist Independent Power Producers (IPP) in increasing the electricity supply. According to IPPAN, billions of dollars in U.S. exported equipment is held up. Action by the Nigerian government (GON) is needed to support the IPPs. End Summary.

¶2. (SBU) On January 16, 2009 EconOffs met with representatives from Anita Energy Ltd, (Eng. Ozomina, Eng Osakue, Chairman Tony Hicks); ICS Power Ltd. (Eng Uzoukwu; Nayo Tropical Technologies Ltd (CEO Okenwa Nas; Negriz (Alhaji Ojeifo); Supertek Nigeria Ltd (Director Winful and Simon Odoh); and Zuma Energy Ltd (Chair Dr. Ezuma and Eng Onuegwunwoke). This discussion was in follow up to the U.S. Export-Import (Exim) Bank IPP Finance Seminar (reftel) on June 9-11, 2008 in Abuja.

#### Final Steps to Implementation Bottlenecked

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3.(SBU) Members of IPPAN reported that the industry has everything in place to begin building projects. However, a bottleneck has developed within the government of Nigeria (GON) regarding four subjects:

- Power purchase agreement (PPP), there is a tariff now, but no authority to sign an agreement;
- "Off taker", an entity to receive power;
- A government guarantee for payments; and
- Mechanism for gas delivery.

¶4. (SBU) The GON has now issued 29 private licenses to independent power producers through the Nigerian Electricity Regulatory Commission (NERC); an increase of seven new licenses since the June 2008 Exim Bank IPP seminar. NERC engineering manager A. Mohammed confirms that there is not yet one operating plant. The NERC continues to invite private participation in the Nigerian power market with promises of a level playing field for the un-met demand in excess of 20,000 megawatts (MW); however, the new licensees find themselves without the final ability to operationalize. (Note: The GON is working to boost electricity production from the present 3,400 MW to a targeted 6,000 MW by the end of 2009 and this target may not be met. End Note.)

¶5. (SBU) All of the IPP businessmen agreed that there are ten projects that could move into implementation immediately if the GON and President Yar'Adua would name an authority to sign the power purchase agreements, provide an official off-taker for the produced power, provide payment guarantees for power, and supply the gas. The group reported that over 80% of the equipment specified for these plants is sourced through U.S. providers. The group was complimentary to the U.S. Commercial Service and the U.S. Exim Bank for their assistance in sourcing electric generation products.

Comment  
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¶6. (SBU) It is clear that the GON has not taken the final steps necessary to allow the private sector to assist in providing the desperately needed power into the National Grid. Given the priority of this subject together with the effort both the Ministry of Power and the President's advisors have devoted this year toward sustainable electricity plan (reftel) that these final steps cannot be expedited. In a telecon on January 21, 2009 with EconOff, NERC Commissioner confirmed that these subjects continue to be at the top of the list for resolution with the Ministry of Power and a decision is expected, perhaps in February 2009, and the likely signature for power purchase agreements would be the Transitional Board and Management for the Power Holding Company of Nigeria (PHCN) (reftel). Zuma Energy Chair Dr. Ezuma said that the continued procrastination in finding the right solution to allow IPP implementation puts the country in further danger of even more dramatic power outages and

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emphasized that no democracy flourishes in the dark.

¶7. (U) This cable was coordinated with Consulate Lagos.

SANDERS